



annual report 2011

MOVING **MISSOURI** FORWARD: BUILDING A BETTER **MISSOURI**

Office of Administration



table of contents

Office of Administration Commissioner’s Office/Director’s Office **1**

Office of Administration Organizational Chart **2**

Office of Administration Division Directors and Deputies **3**

Accomplishments/Challenges

 Accounting **4**

 Budget and Planning **9**

 Facilities Management, Design and Construction. **12**

 General Services **16**

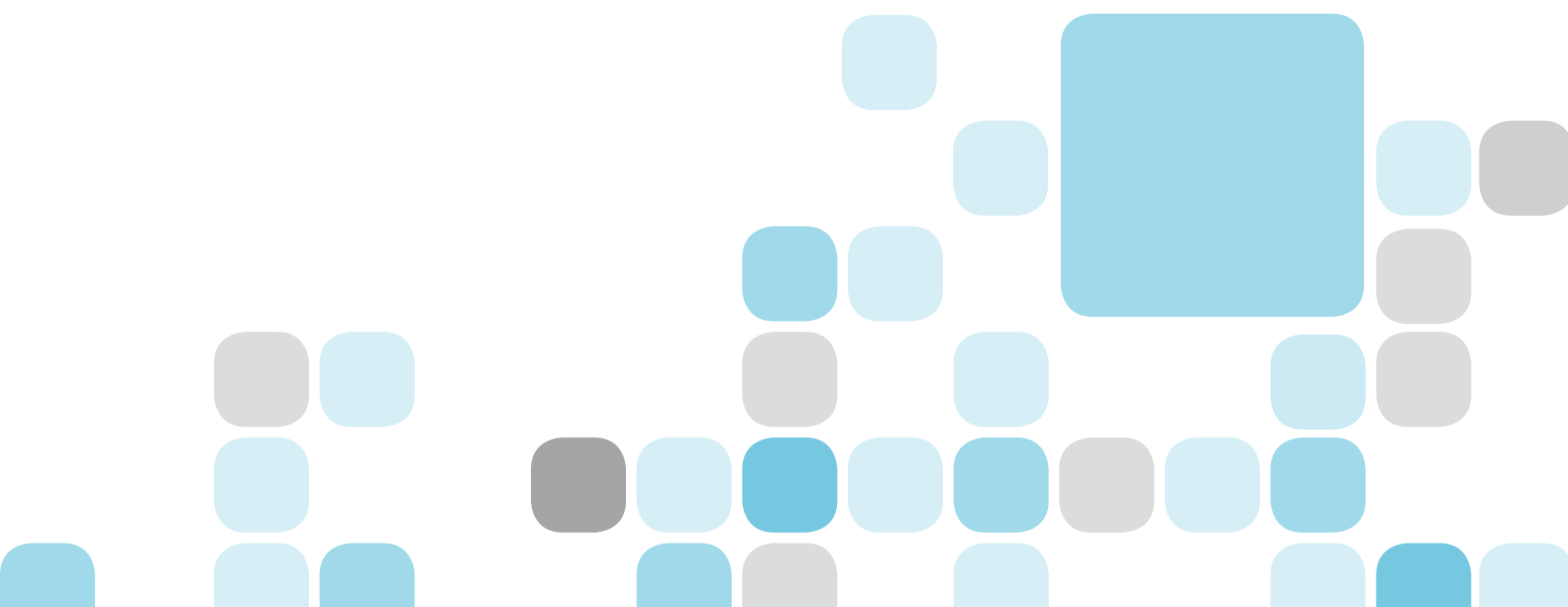
 Information Technology **20**

 Personnel **27**

 Purchasing and Materials Management **32**

 Office of Equal Opportunity. **34**

 Human Resources **37**



commissioner's office



**Kelvin
Simmons**
Commissioner



**Renee
Slusher**
Deputy
Commissioner/
General
Counsel



**Walter
Pearson**
Assistant
Commissioner



**Emily
Smith**
Special
Assistant



**Brett
Berri**
Legislative
Liaison



**Wanda
Seeney**
Public
Information
Officer



**Nikki
Loethen**
Legal Counsel



**Aaron
Hart**
Human
Resources
Director



**Crystal
Wessing**
Budget
Officer



**Sherrece
Smith**
Executive
Assistant



**Sara
VanderFeltz**
Administrative
Assistant

director's office



**Stacy
Neal**
Accounting



**Linda
Luebbering**
Budget &
Planning



**Cathy
Brown**
FMDC



**Mark S.
Kaiser**
General
Services



**Bill
Miller**
Personnel

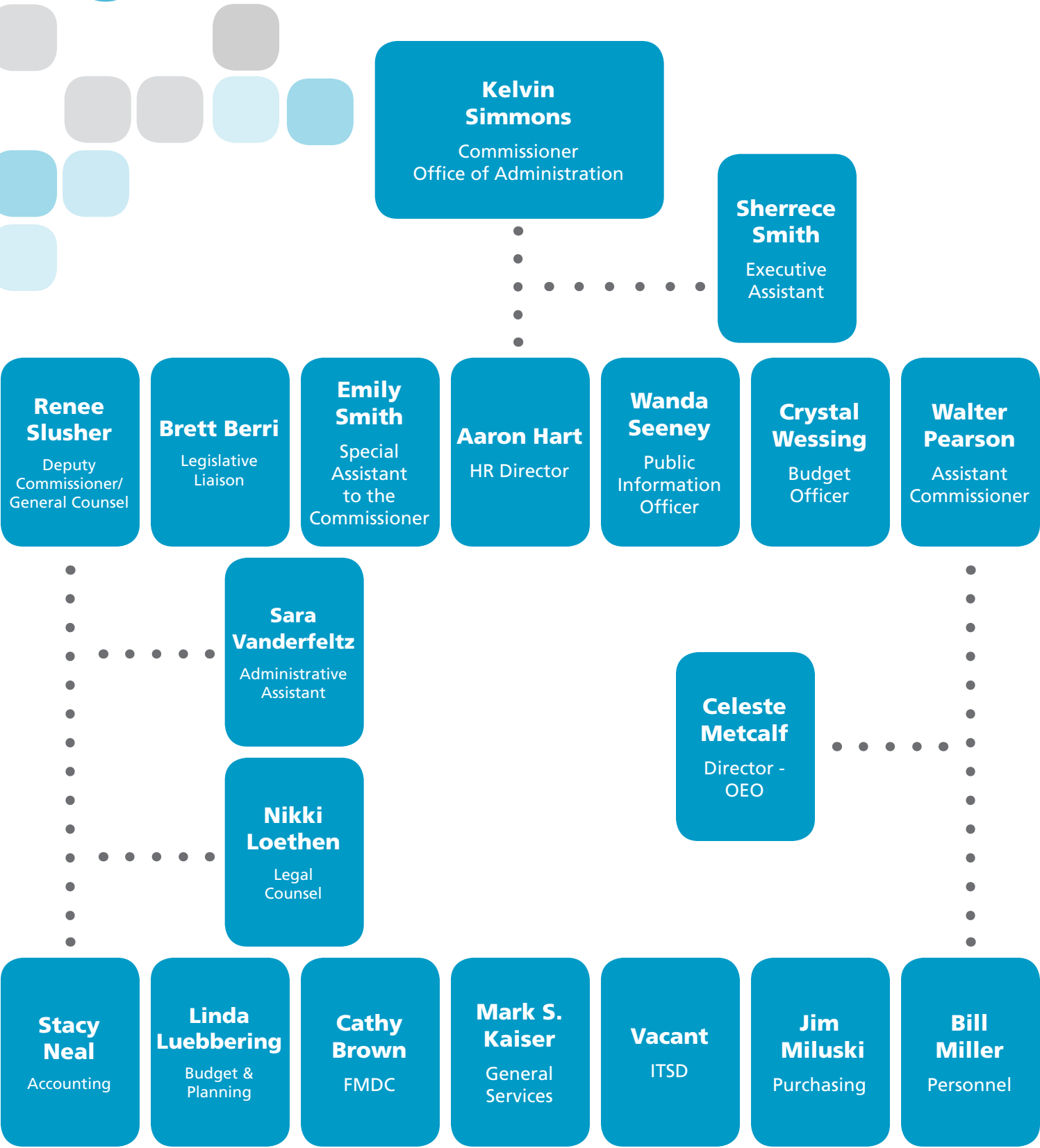


**Jim
Miluski**
Purchasing



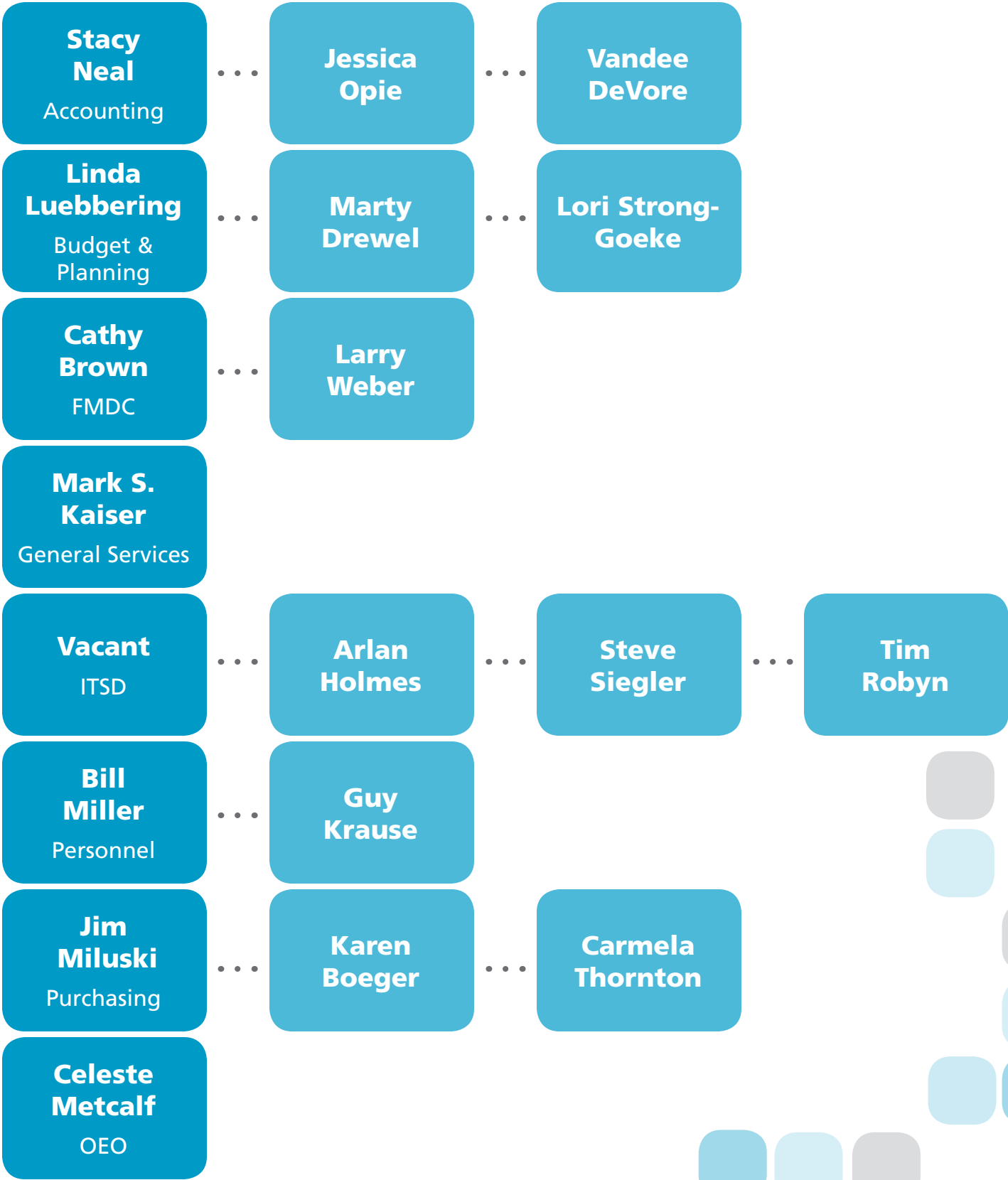
**Celeste
Metcalf**
OEO & ARRA
Compliance
Officer

office of administration organizational chart



office of administration

division directors & deputies

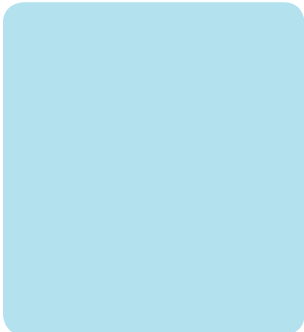


office of administration: accounting

Stacy Neal
Division Director

Division Employees:
49

FY '12 Division Budget:
\$2,169,754



Overview

The Division provides central accounting services for all state agencies. This includes producing checks, ACH payments (electronic payments) and providing technical support for the statewide accounting system.

The Division also provides a central payroll processing and reporting function for all State agencies. This includes processing wage garnishments, direct deposit of state employee pay and providing technical support for the statewide HR system.

The Division also produces numerous statewide financial reports. These includes the Comprehensive Annual Financial Report which is prepared to show the financial position and operating results of the state, the general revenue cash flow reports, that ensures cash is available for payments, and three different debt reports.

In addition, the Division monitors and provides oversight of the employee benefits program. This includes transfers from agency funds to a central statewide fund from which the benefit providers are paid.

The Division provides support and oversight for the issuance of State debt. This includes communication with Moody's, Standard & Poor's and Fitch Ratings to maintain the State's

AAA rating. Accounting provides staff support to the Board of Fund Commissioners and the Board of Public Buildings. The Division also provides budget testimony for state debt and is responsible for processing debt service payments to the paying agent banks.

The Division is the State Social Security Administrator that is responsible for administering and maintaining the Social Security and Medicare provisions established by the State's Section 218 agreement with the Social Security Administration. The State Administrator is the official liaison between the political subdivisions and the Social Security Administration for coverage issues.

The Division also monitors and approves all OA operating expenditures.

Accomplishments

1. **Debt Restructuring:** In 2011, OA played an integral role in refinancing outstanding state bonds in order to take advantage of the historically low interest rates. These transactions resulted in savings to the state in the millions of dollars over the life of the debt. The lower interest rates helped to achieve the following economic and budgetary savings:

- (1) Refunding Certificates of Participation bonds issued in May 2011.
 - Provides budgetary relief in FY2012 of \$12.1 million
 - Provides budgetary relief in FY2013 of \$11.9 million
 - Achieved present value savings of approximately 8.5 percent of the par amount refunded.
- (2) Board of Public Buildings Refunding bonds issued in September 2011.
 - Provides budgetary relief in FY2012 of \$26.2 million
 - Provides budgetary relief in FY2013 of \$7.6 million
 - Achieved present value savings of approximately 13.4 percent of the par amount refunded.
- (3) Health and Educational Facilities Authority Refunding bonds issued in November 2011.
 - Provides budgetary relief in FY2012-2022 of \$3.6 million
 - Achieved present value savings of approximately 14.2 percent of the par amount refunded.
- (4) Previously, OA refinanced the Board of Fund Commissioners bonds in July 2010.
 - Provided budgetary relief in FY2011-2023 of \$19.5 million
 - Achieved present value savings of approximately 11.1 percent of the par amount refunded.
2. Missouri's AAA bond rating reaffirmed: The State's AAA bond rating was reaffirmed by all three credit rating agencies, including: Fitch Ratings, Standard's and Poor's, and Moody's Investor Service. Missouri's rating, currently higher than the U.S. sovereign rating, is equaled by only eight states. The rating, which applies to general obligation bonds issued by the state, allows Missouri to borrow with lower interest rates, saving the state money. The rating was reaffirmed due to Missouri's conservative

financial management. Moody's Investor Services noted, "the rating reflects the essential nature of the financed projects, Missouri's history of timely appropriation of lease payments for a broad range of capital needs, its history of excellent financial performance, strong fiscal management controls, and the state's moderate debt burden."

3. Social Security: The State Social Security Administrator has the responsibility for maintaining and administering provisions of the state's social security coverage agreement, extending social security coverage to the state's political subdivisions, and the proper application of Social Security and Medicare coverage. These agreements, referred to as Section 218 Agreements, represent a mutual commitment to assure that participation in the Social Security program is a viable part of employee benefit programs available to public employees. Accounting has hosted multiple webinars, responded to thousands of phone calls and emails and mailed hundreds of letters and postcards since December 2008. The State Administrator conducted 20 educational presentations to school and college employees that resulted in 13 successful referendums for coverage.



office of administration: accounting

4. Employee Benefits 2011 – a year of transitions:

- Cafeteria Plan- The year began with significant changes at the federal level related to tax breaks for cafeteria plan participation. These include changes in allowable expenses for reimbursement from the cafeteria plan and contribution amounts to flexible spending accounts. Accounting was successful in navigating the communication challenges as a result of these changes.
- Employee Self-Service Portal (ESS) – The development of an employee self service portal is a joint effort between Accounting, Personnel, and

the Information Technology Services Division which aims to provide improved communication and services related to state



employee pay and benefits. The system was launched statewide in July 2011. The interactive website includes a single sign on to select benefit providers as well as access to employee annual and sick leave balances, pay stub information, blank W4s, and W2s, which can be printed and used for tax purposes. Additional enhancements are planned in 2012.

- MOSERS and Deferred Compensation Transitions – Accounting successfully implemented the creation of a new retirement tier to start the year as a result of legislation in 2010. Another successful transition occurred in November 2011 when the deferred compensation plan transitioned to a new record keeper.

5. Electronic Payments – Accounting has been working with state agencies to increase the usage of electronic payments. Electronic payments are a more efficient and reliable method of paying vendors than paper checks. From July 2009 to November 2011, the percentage of transactions paid electronically has increased from 33 percent to 50 percent while the dollars sent electronically has increased from 88 percent to 95 percent. Currently, 50 percent of all paper checks are less than \$100. Accounting worked to increase electronic payments by

implementing several strategies, including;

- Adding edits in the statewide accounting system. Currently, a paper check with a payment of \$1 million or more needs an override by Accounting. At the time of the override, the agencies are strongly encouraged to use electronic payments. This is true at the agency level as well. An agency is able to override for check payments for \$500,000. Accounting, lowered these thresholds to \$500,000 and \$100,000 respectively. When a payment of \$1 million as a paper check, that payment would need an override by Accounting.
- Streamlining vendor setups. Vendors can have several different address indicators some marked as EFT and others not. Accounting changed these vendors to all EFT when possible.
- Reaching out to vendors who receive large numbers of checks.
- Communicating with department personnel.
- Contacting vendors that set themselves up using the OLB (Online Bid Registration) to direct them to the form to obtain EFT information.

Challenges

1. Social Security: The State Social Security Administrator duties have not been actively supported in the past few decades, resulting in the development of significant coverage issues. It is currently unknown the number of entities that exist without a proper coverage agreement. As a result, significant communication and education challenges exist.

Efforts are underway to amend State regulations related to the requirements of 218 coverage agreements with political subdivisions. This rule change would eliminate the requirement for every political subdivision to have an agreement and would coincide with the federal requirements related to mandatory social security coverage if entities do not participate in a Federal Insurance Contributions Act (FICA) equivalent retirement system.

Communication efforts are currently progressing with six entities that are under a FICA equivalent retirement plan who are in need of a referendum for coverage to continue contributions. The role of the State Administrator is neutral, yet explaining the impact to benefits when an entity has been contributing without the legal means to do so can be quite a challenge.

2. Cash Flow – Cash balances in the general revenue fund continue to remain low. Current projections indicate that it will be necessary

to borrow from the budget reserve fund in an amount that is larger than has been borrowed in the past. At this point the remainder of fiscal year 2012 is expected to be the most challenging.

3. Employee Self Service Enhancements – Accounting, Personnel and ITSD are currently working on the beginning of phase III of the employee self-service (ESS) portal. This phase includes the ability of the employee to make address and name changes through the portal, ability to view employee reimbursements, and ability to view training history.
4. Financing Ideas – As interest rates have been at historic lows, Accounting is actively pursuing an option to refinance outstanding state debts for economic and budgetary savings. Although there have been significant successes in the recent year, there are current opportunities which need attention. In addition, it is always a challenge to effectively communicate the positive and negative aspects of proposals while efficiently explaining the possible larger impact on the State's bond rating and conservative reputation.

5. Accounting is working with the U.S. Department of Health and Human Services (HHS) to come to agreement for the approval of the 2009 State Wide Cost Allocation Plan, which was submitted to HHS in March 2010. HHS has yet to approve the plan, which is now holding up the approval of the 2010 plan that was submitted in March 2011. The approval of these plans is vital to state agencies that receive federal indirect money. State agencies rely on the report for accurate amounts to use in order to seek reimbursement from the federal government. The negotiation process is also creating issues with efficiency proposals that are being discussed.



“This is another example of state government exercising smart fiscal management,” said OA Commissioner Kelvin Simmons. “Under Governor Nixon’s leadership, we will continue to find more ways to reduce spending and make state government more efficient.”

office of administration: budget & planning

Linda Luebbering Division Director

Division Employees:
26

FY '12 Division Budget:
\$2,169,754

Overview

The Division of Budget & Planning analyzes budget policy issues and provides information to the Commissioner, the Governor's Office, the General Assembly, Missouri's Congressional delegation and state, local and federal agencies.

In addition, the division reviews state agency fiscal operations, prepares annual budget instructions, analyzes budget requests, and prepares the annual Executive Budget and appropriation bills. Division staff analyze the state economy and tax issues, estimate revenue collections, track agency performance measures, and draft fiscal notes.

Budget and Planning also manages the automated state budget system.

The Division coordinates legislative reviews for the executive branch and federal the impact of federal issues on the state of Missouri.

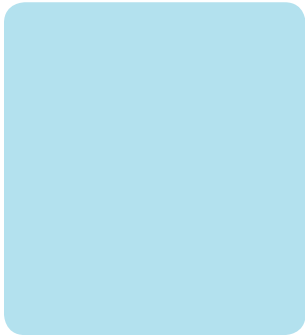
The Division is the designated state demographic agency and has statutory duties for technical aid to the decennial redistricting of state House and Senate districts.

Accomplishments

1. Maintaining a Balanced Budget – Budget and Planning assisted the Governor's Office with finding solutions, including cost-containment options, to ensure the budget stayed in balance and

limited resources were focused on the state's priorities.

2. Legislative Analysis – The Division completed reviews on 130 (Totally Agreed upon and Finally Passed (TAFP) bills and more than 100 legislative proposals providing thorough analysis of policy and financial issues to the Governor's Office for their consideration during their review of legislation.
3. Improved Medicaid Audit and Compliance Function – The Division assisted with the consolidation of the audit and compliance function for the \$7.6 billion Medicaid into a single focused unit {Missouri Medicaid Audit and Compliance (MMAC) Unit}. The new unit has increased recoveries, improved and increased the referrals to MFCU and improved enrollment of new providers into the Medicaid Program.
4. Federal Budget Coordination – Budget and Planning worked with other departments to ensure a coordinated approach to potential federal budget actions that might require state actions, including preparing for the possibility of a federal government shutdown.
5. Redistricting Assistance – Budget and Planning staff supported the House and Senate Redistricting Commissions (even though the commissions did not come to agreement, OA was successful



in providing staff support to the Commissioners).

Challenges

1. Continued Budget Challenges – Despite a slowly recovering economy, the budget situation remains fragile. B&P is challenged to assist the Governor's Office by ensuring the state budget remained balanced by analyzing and tracking spending and revenues and by providing analysis, options and recommendations for action.
2. Legislative Priorities – In order to assist with the budget challenges and to continue to move the state forward, there was a need to continue to make progress in new legislation. Making progress, without negatively impacting the state's budget situation, was the goal.
3. Supporting the House and Senate Redistricting Efforts – Redistricting efforts are always challenging as there is a short timeframe for the redistricting commissions to come to agreement. Since that effort was unsuccessful, Budget and Planning staff also needed to work with the judicial committee to quickly develop the final redistricting plan.
4. Federal budget uncertainty – The federal budget for the current fiscal year continued to operate under a series of continuing resolutions and plans for future years were under continuing discussion, with

no apparent consensus. Planning for the current and future budget years at the state level was made even more challenging due to the uncertainty at the federal level.

5. Creation of Missouri Medicaid Management Audit Compliance – Staff from the departments of Health and Senior Services, Mental Health and Social Services (DHSS, DMH and DSS) were combined and relocated. This created a better

coordinated approach to audit and compliance, but did require careful planning to implementation to ensure a smooth transition as possible.

"I appreciate the legislators on both sides of the aisle who came together to pass the budget by their constitutional deadline. Once again, we've worked together in a bipartisan manner to finish this job on time... As we move forward, I will continue to make the decisions necessary to keep the state's fiscal house in order."

– Governor Jay Nixon on the passage of the Fiscal Year '12 Budget

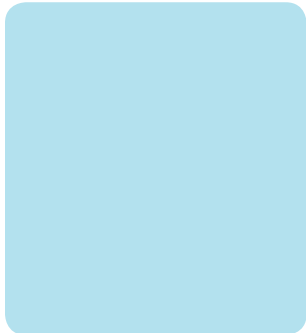


office of administration: facilities management, design and construction

Cathy Brown Division Director

Division Employees:
758.50

FY '12 Division Budget:
\$92,687,696



Overview

The division provides asset management services to assist state entities in meeting their facility needs for the benefit of the public. This includes: real estate services, statewide master plan, facility condition assessment, and facility/space/project/contract/energy management.

The mission is to provide a superior workplace environment for state occupants and their visitors and protect the State's investments in property assets. The goal of FMDC is to provide agencies with the information and resources that will support their development of high-performance workplaces – workplaces that will meet agencies' business needs and can be readily adapted to changing work place practices and strategies.

FMDC's real estate unit develops the HB13 budget and coordinates real estate transactions on behalf of the state to include conveyance of state-owned property, purchase of property and grant easements.

Provides contract management for 500+ lease contracts totaling 3.3 million sq.ft. of leased space. In addition, the real estate services unit provides oversight of tenant renovations within state owned facilities and tracks space & rent

allocations, and FTE within state owned space.

The division's facilities operations unit provides work environments for agencies that are tenants in state-owned office buildings. The division operates, maintains and manages nearly 3.69 million sq. ft. of useable space statewide. Includes the state's ID badge security system.

The division's institutional operations unit provides maintenance management services for correctional, mental health, highway patrol, and elementary & secondary education, social services-youth services facilities comprising of over 17.38 million sq. ft. Also, includes utilities for veterans homes, lottery headquarters and state fair facilities.

The division's project management planning unit develops the capital improvement budget and is responsible for design, construction, renovations and repair projects at all state facilities other than institutions of higher education, MoDOT and conservation.

The division's energy management disaster response unit is responsible for monitoring energy and proactively searching for opportunities to increase the efficiency of energy usage in state facilities. Respond with SEMA during disaster and recovery efforts.

Accomplishments

1. **Cost Savings** – There have been significant costs savings related to leasing operations as a result of renegotiation of leases, termination of leases and janitorial contracts, consolidations and moving personnel from leased to owned space. For the 2011 calendar year, FMDC reduced square footage by 79,557 feet and annual rent/janitorial by \$1,230,982.
2. **Joplin Mercy Health Systems** – FMDC facilitated the effort to expeditiously enter into a long-term lease with Mercy Health System in Joplin which ultimately stabilized healthcare in the Joplin area as a result of the tornado on May 22.
3. **Missouri State Capitol Commission** – FMDC worked diligently with the Missouri State Capitol Commission to gain final approval for the “fallen workers memorial” to be placed adjacent to the Missouri Department of Transportation (MoDOT) headquarters.
4. **Joplin Resource, Recovery and Rebuilding Center** – FMDC was an integral part of facilitating the new Joplin Resource, Recovery and Rebuilding Center (RRRC) in a very short time frame following the tornado on May 22 that devastated Joplin. The Joplin RRRC is a one-stop-shop proving tornado victims access to resources and information in areas such as housing, unemployment assistance and assistance with obtaining copies of vital records. FMDC played a pivotal role in securing a location, providing janitorial, furniture and additional support for the build-out of the center. FMDC continues to provide janitorial and other facility-related support to the RRRC.
5. **Migration of Archibus and Energy Management Systems** – Migration of these two out-sourced systems occurred to the State Data Center occurred at the end of the year which will result in significant monthly cost-savings beginning in fewer than sixty (60) days after migration. At that time, monthly savings will be in excess of \$25,000,

which ultimately is a savings of more than \$300,000 annually. This has been an ongoing effort that began in late 2009. The systems were originally hosted by Talisen Technologies. Talisen will continue playing a role with the systems, but that role will be significantly diminished with the completion of this large migration project. FMDC will continue to explore service areas provided by Talisen that could be transferred to the State for the potential of additional annual savings.

6. **Maintenance Consolidation** – Phase III on maintenance consolidation continued this year. Phase III consisted of 103.5 FTEs being transferred to FMDC from the departments of Corrections, Social Services/Division of Youth Services and Elementary and Secondary Education beginning FY ‘12.
7. **Springfield Crime Lab** – Crime lab transactions were completed and are now operational. The State purchased a portion of a building in that now houses the Missouri State Highway Patrol’s (MSHP) Crime Lab. The construction and final purchase payment to Springfield was complete in late spring. The lab is now fully functional and occupied by MSHP personnel.

office of administration: facilities management, design and construction

Challenges

1. **Lease Reductions/Consolidations:** FMDC will continue to look for lease reduction and consolidation opportunities statewide for future leasing savings. Leases and rent payments have been reduced significantly over the last three years. There are other departments that are downsizing and/or consolidating, which may provide some additional lease reductions. However, that is difficult to determine at this time given the volatility of those other department's programmatic changes. As has occurred over the last three years, FMDC also will continue to explore lease terminations and consolidations into state-owned space in an effort to save taxpayer dollars.
2. **Explore other service areas provided by Talisen:** Since the final migration of two major systems has occurred from Talisen to the State late this year, FMDC is looking for incremental opportunities to reduce the monthly payment to Talisen for ongoing services that were not able to be migrated initially.
3. **Exploring Public/Private Partnerships:** FMDC is exploring public/private partnerships to utilize upfront utility company funds to accomplish energy savings projects.
 - Continue exploration of the development of public/private partnerships to reduce operational costs and improve efficiencies, while also pursuing collaboration with utilities to develop solutions that will provide mutual benefits in the areas of power, heat, water and wastewater at State facilities.
4. **Energy Savings Projects:** FMDC will continue energy savings projects through retrofitting lighting, especially at correctional sites. The retrofitting entails replacing existing inefficient lighting (perimeter fencing and high-mast) with much more efficient LED technology that far reduces the wattage required and offers a much greater bulb life. In addition, begin fully utilizing the ozone laundry system as designed at correctional facilities. This laundry system technology was installed at correctional facilities across the state in an effort to significantly conserve energy. The system, when utilized as designed, offers 98 percent effectiveness in the eradication of all germs and provides a significant reduction in energy by eliminating the need for laundry to be washed in hot water. The ozone system merely requires using cold water for all wash cycles, effectively eliminating the need to power institutional boilers for this requirement.
5. **Rising Energy Costs:** FMDC is currently exploring the possibility of purchasing natural gas using long-term contracts in order to lock-in significantly low gas prices. Working with OA- Division of Purchasing and Materials Management (DPMM) to develop a solicitation for an energy market consulting and advisory service for the energy market commodities. This solicitation is specifically to facilitate the mitigation of the State's risks and exposure associated with the energy market commodities consumption quantities that are consumed by OA/FMDC and the State facilities portfolio under the authority of the Director. The consultant would review the distribution systems, available capacities, associated costs and terms and would advise the Division on best practices and options available to managing and/or acquiring transportation assets as they become available along with the review and management of purchase options and positions initially in natural gas markets. The services may at any time be expanded to include consulting and advising on any and/

or all of the energy market traded commodities as required by the Division.

6. **Educating Occupants:** FMDC will begin to educate building occupants about the importance of saving energy. All of this is in an effort to help meet the executive order of two percent energy reduction. FMDC currently is analyzing a company that provides education of occupants in order to reduce consumption through the direct education of people; stressing the importance of energy savings. The service may prove to be cost-prohibitive, but we are still reviewing the possibilities.
7. **Phase IV of maintenance consolidation:** The proposal would consolidate approximately 483 additional FTEs from the Department of Corrections, the Veteran's Commission, and the Missouri State Highway Patrol. FMDC continues to believe the complete consolidation of maintenance within OA will ensure that dollars are more consistently applied towards maintenance needs, which will produce better upkeep and reduce these costs long term.

8. **Missouri State Penitentiary (MSP)**
– The FMDC continues to explore a potential collaboration with the city, county, Missouri State Penitentiary Redevelopment Commission and the Jefferson City Chamber of Commerce to help facilitate the development of the MSP site as per the Master Plan.

Lack of Capital Funding: With significant lack of capital funding, the FMDC continues to address maintenance and repair issues as they continue to arise statewide.

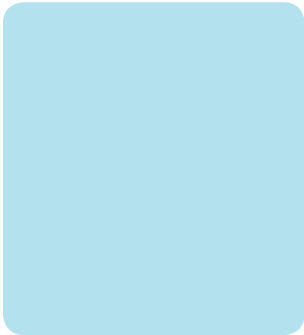


office of administration: general services

**Mark S.
Kaiser**
Division Director

Division Employees:
106

FY '12 Division Budget:
\$4,620,724



Overview

The Division has seven units that provide agencies with a variety of support services including; printing, fleet management, administration of the Legal Expense Fund, the state employee Workers' Compensation Program, vehicle maintenance, mail services and administration of the Missouri State Employees Charitable Campaign.

The Missouri State Employees Charitable Campaign provides a unified, annual campaign where state employees may contribute to 1,200 eligible charitable organizations through payroll deductions or one-gifts.

Provides staff to administer the Missouri Public Entity Risk Management Fund, a liability and property insurance pool for Missouri public entities.

Accomplishments

1. Reduced Mileage Reimbursement Rates - In an effort to assist agencies in cutting their costs of operation, the Office of Administration reduced mileage reimbursement rates by \$.13 per mile during 2010 to the current rate of \$.37 per mile. This action saved more than \$950,000 during FY '10 and more than \$2.5 million in FY '11.
2. Reduced Business Miles Driven - State agencies reporting to the

governor reduced their FY '11 business miles driven by 12.3 percent from FY '09 levels. First quarter travel in FY '12 was down an additional 4.6 percent compared to the same period last year. Overall, employees of these agencies are travelling more than 8.6 million fewer miles in the current fiscal year at a projected annual cost savings of more than \$3 million.

3. Continued Redirection of Business Travel to Lowest Cost Option - For the sixth straight year, state agencies have redirected more of their business miles from mileage reimbursement to lower cost state vehicles and rentals. Since FY '05, mileage reimbursement miles have dropped 54 percent. While total business miles driven have dipped 13 percent over the period, the percentage of miles driven in state vehicles actually increased 10 percent. Moving from the highest cost option of mileage reimbursement to the lower cost options saved an estimated \$1.4 million in FY '11 compared to FY '05 levels.
4. Reduced the State Vehicle Fleet - In early 2010, most state agencies were asked to reduce the size of their fleets to achieve a reduction goal of 400 vehicles. To date, state agencies have reduced their fleets by 531 vehicles, returning nearly \$1.3 million to the state.

5. Consolidated Agency Carpools – Fleet Management consolidated Jefferson City-based pool vehicles in 11 agencies. The carpool consolidation should result in a 20-25 percent reduction in the number of required vehicles to serve agency needs. Consolidating these smaller carpools will reduce required vehicles, increase administrative efficiencies, maximize vehicle utilization, reduce the operating cost per mile and minimize the necessity to redirect business miles to more expensive options.

6. Addressed Rising Workers' Compensation Costs at Fulton State Hospital – Workers' compensation costs at Fulton State Hospital more than quadrupled between FY '05 and FY '11. Over the same period, the total workers' compensation costs for the state minus Fulton rose a more manageable 36 percent. Reported injuries at Fulton rose approximately 30 percent each year during FY '08 and FY '09 before falling nearly as dramatically over the past two years to levels not seen at Fulton since FY '04. A cooperative effort between Fulton State Hospital, the Department of Mental Health (DMH) and Risk Management brought a series of changes and initiatives that have led to a significant reduction in the number of claims by Fulton employees. Fulton is a unique facility due to the nature of its work and the clients served, creating a

higher risk of injury for employees. Fulton State Hospital represents 43 percent of total DMH and 13 percent of total state workers' compensation expenditures.

7. Co-located Central Mail Services with State Printing – In early 2011, Central Mail Services moved from its former location in the Employment Security Building to the new State Printing facility. The combined operation offers enhanced efficiency and greater oversight of both operations. Co-locating the two operations achieved substantial annual savings of more than \$170,000 by reducing the required facility space and lowering the rent and occupancy costs. The new facility offers better access and space layout than was previously provided. Conditioned paper storage in the new facility enhances productivity and reduces spoilage.

Challenges

1. Further Agency Carpool Consolidations – Consolidating the agency carpool fleets will continue during 2012. Agencies will be progressively added to the consolidated pool as the numerous administrative details incumbent with these mergers are resolved with the agencies. Issues such as determining appropriate consideration for non-GR funded vehicles; pool locations; agency administrative support for vehicle checkout; as well as the division's

internal capacity to handle added administrative and support responsibilities must all be addressed.

2. Implementation of RESTORE – Risk Management is working closely with the Information Technology Services Division to fine tune requirements for a new workers' compensation system. Programming is proceeding and timely completion of this project is essential to meeting new requirements that will be placed on the division. In addition, the Division of Workers' Compensation is developing a new reporting system of their own and will require electronic submission of data and an expanded interface from its largest insurers. The new system will provide enhancements that will spur improved accountability, functionality, productivity and efficiency.

3. Rising Workers' Compensation Medical Costs – Medical costs associated with workers' compensation claims continue to rise consistent with medical cost inflation. Despite fewer claims, the average medical cost per claim has risen significantly. Medical costs are projected at approximately two-thirds of total workers' compensation costs. Risk management is reviewing expenditures and will

office of administration: general services

continue to explore ways to control rising costs.

- 4. Several factors will make controlling medical costs a challenge. Medical cost inflation is expected to continue at a much faster pace than the overall inflation. An aging workforce increases the potential for injuries. Older workers may have other non-work related conditions that can increase the cost of medical care or delay their recovery from an injury. Changing the state health care plan to one that institutes deductibles and co-pays has the potential to encourage some workers to falsely claim that a sustained injury was work related to avoid the higher out-of-pocket expenses.
- 5. Deteriorating Fleet Condition – The condition of the general revenue (GR) passenger fleet continues to be a concern. Reliable and safe transportation is critical in providing essential state services to the people

of Missouri. The annual general revenue investment in the passenger vehicle fleet alone should be at least \$3 million to maintain the fleet at its present

condition. However, general revenue funding over the past several years for these vehicles has fallen significantly below the required levels. During FY '11, only \$500,000 in GR was expended for vehicle replacement. At the end of FY '13, more than 37 percent of the GR passenger fleet will exceed the 120,000 mile minimum replacement criteria and 18 percent will have odometer readings exceeding 150,000 miles. Without sufficient annual funding to replace aging vehicles, the condition of the fleet will deteriorate to a point where agencies are forced to utilize more costly travel options.

- 6. Review of Confidential Plates – Agencies require the use of state vehicles with confidential plates - normal license plates that do not reveal that the vehicle and driver are on official business. These vehicles are used to conduct investigations and in other circumstances where disclosure that the driver of the vehicle is a representative of the state may adversely impact the nature of the work or the safety of the driver. The Department of Revenue (DOR) regulates and issues these plates. It is appropriate that the state periodically reviews the issuances of these license plates to ensure that the business reason for these plates continue to warrant their use. Transparency and good public policy require that vehicles used for state business be identified as a state vehicle unless a stringent

standard is achieved justifying a confidential plate.

Fleet Management will work with DOR and state agencies to review the use of these vehicles to ensure the appropriate standards are met. In addition, a number of these vehicles are only utilized part time for purposes that support a confidential plate. Fleet Management will explore establishment of a confidential fleet pool for use by qualified individuals when a confidential vehicle is required. This will ensure that vehicles with confidential plates are fully utilized and that individuals previously assigned one of these vehicles utilize a normal pool vehicle when their travel does not require a vehicle with confidential plates.

- 7. Adjudicating Medicare Claims against the State – New federal rules require the state and other insurers to report injuries to employees who are eligible to receive Medicare payments or who have injuries that may require medical care in the future that could impact Medicare. As a result, General Services anticipates that Medicare will bill the state for medical payments they have made on behalf of current or former state employees whose medical treatment may have been associated with a previous workers' compensation injury. It is expected the burden of proof will be on the insurer, the State, to

prove the payments were not from a work-related injury. This review and documentation process will consume staff resources and the resulting claims from Medicare will raise workers' compensation costs in the future.

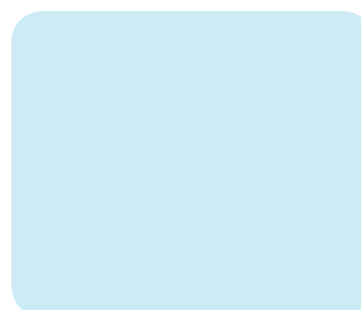
8. Updating the MSECC Donor Database System – The current Missouri State Employee Charitable Campaign (MSECC) system is an Access database that requires considerable support by ITSD to maintain each year. The system is functional but limited and requires substantial staff effort to produce reports and reconcile pledges. Furthermore, changes to the system will be required to protect employee privacy and to fully implement the new retiree pledge component. A new system is being developed that will be more robust, reliable, efficient and secure.

9. Managing with Limited Resources – As with most agencies, General Services continues to provide increasingly complex and expanded services to state agency customers with diminishing resources. The division prides itself in

meeting these new challenges with innovative solutions that improve productivity, increase efficiency and lower costs. To illustrate:

- State Printing has improved productivity by streamlining staff and responsibilities and utilizing emerging technologies. State Printing has not increased its labor rates for 12 years with charges remaining significantly below the prevailing market.
- Vehicle Maintenance continues to provide vehicle repair services at labor rates more than 47 percent below the average local repair facility hourly rates.
- Central Mail Services provides mail processing services for state agencies in the Jefferson City area at a cost to the state nearly 40 percent less than was expended prior to consolidations.
- Risk Management processes workers' compensation

claims at less than one-half the cost of other insurers doing business in the State of Missouri as reported by the National Council for Compensation Insurance and the Missouri Department of Insurance, Financial Institutions and Professional Registration.

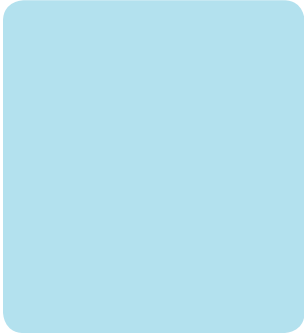
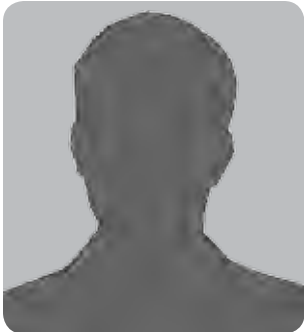


office of administration: information technology

Vacant Chief Information Officer

Division Employees:
1,116

FY '12 Division Budget:
\$275,937,983



Overview

Services provided by the Division include the operation of a centralized computer facility used by state agencies and elected officials; an information technology education center for state employees; systems development services; operation of the state telephone switchboard and associated state telecommunications network; desktop support and web development.

Network Services has responsibility for data networking services support and is divided into two groups. The Network Applications group is responsible for the network applications and servers while the Email Services group is responsible for electronic mail services for the state, which include initial spam filtering and virus scanning.

Applications/Database Technical Support functions as the contact with the State Data Center (SDC) for database, operating system issues and other services used by OA/ITSD. Applications/Database Technical Support also provides technical assistance for production systems, executed at the SDC, supported by OA/ITSD in the areas of database maintenance, application tuning, systems access, and security as well as support for all OA legacy systems except SAMII.

The Desktop, Web and Server section supports the desktop environments

including the Office Automation helpdesk, Web site development and Server support for OA and Statewide systems. The section is responsible for the State Web Portal, OA Web site, the SAM II web site and others. The section is also responsible for the system administration of many OA Servers including Windows Domain Servers, OA File and Print Serving, E-mail Server and various Statewide Servers such as the Budget Servers, SAM II Data Warehouse, On-Line Bidding System and Fleet System. This section also provides statewide support for the SAM II and Budget desktop clients.

The Telecommunications Section is to provide state agencies and organizations cost effective and beneficial shared telecommunications resources in order to improve productivity in state government and thereby promote effective delivery of governmental services to the citizenry of the state. This is done by coordinating the acquisition, disposition and use of telecommunications equipment, software and services through consulting with the various state agencies and organizations to determine needs.

Accomplishments

1. End-User Support:
 - Helpdesk Consolidation – With the implementation of utilizing technicians in the field regionally, ITSD has reduced travel and saved staff time.

Currently, \$94,203 has been saved, averaging a savings of approximately \$16,000 per month. An estimated savings for this entire calendar year is \$142,000. Likewise, ITSD anticipates this number to continue to grow through next year as this initiative was not fully implemented in the earlier months of 2011. As more staff become cross trained in supporting the consolidated agencies and federal billing issues are resolved, cost savings will continue to grow.

- Power Management - ITSD implemented a power savings effort whereby all computers transfer into an automatic hibernation at 7 p.m., nightly. Savings are estimated at \$96,000 annually.
- Equipment Purchasing - With the consolidated purchasing and competitive bid process, ITSD saved approximately \$363,000 on the cost of computers purchased on the 5-year replacement cycle – 1,508 desktops and 1,422 laptops.

2. **MoBroadbandNow** – The **MoBroadbandNow** initiative was created by Gov. Nixon to coordinate the state's efforts to aggressively compete to bring broadband funding to Missouri in response to the federal recovery bill passed in 2009. Gov. Nixon established a goal to increase broadband accessibility from its current level of 79.7 percent to 95

percent within five years. The State, through its **MoBroadbandNow** initiative, worked to secure partners and to bring \$261 million for 19 projects to Missouri. The total value of all of these projects including cash and in-kind match is \$311 million.

In 2011, the Missouri award winners moved quickly to to complete projects. Substantial investment has already been made all across the state for these projects. Detailed work has been completed on engineering designs and environmental assessments. Detailed surveys have been completed of routes and right-of-way permits have been issued by the Missouri Department of Transportation. Construction contracts were negotiated and boring and burying fiber has begun. In addition, the award winners have invested in the network hardware, huts, towers, and other equipment necessary to operate the broadband networks that will be the final product of the projects. The firms have hired technicians, engineers, construction workers, and others throughout the state.

Likewise, ITSD has worked to involve hundreds of people across the state in the broadband planning effort through the mapping and planning grant that it received. During 2011, 19 Regional Planning



Commissions across the state created regional teams including representatives from schools, higher education, libraries, workforce development agencies, the health care sector, industry, local government, economic development professionals, broadband providers, and many others reflecting the area of the state. These citizen-led, grassroots-driven teams held several meetings to identify the needs as well as strengths in each community. The teams heard from members of the community, assessed the current status of broadband in the area, researched and analyzed the needs of the community, and are now in the process of developing a regional broadband plan for their area.

In addition, as part of the effort, **MoBroadbandNow** completed a comprehensive “needs assessment” process to determine current broadband availability and long-term solutions. In perhaps the largest broadband survey effort ever conducted, 76,000 residential surveys were mailed resulting in the largest scientific data collection of broadband needs in the country. More than 13,000 responses were returned. Data is disseminated at

office of administration: information technology

the regional level and is available at <http://mobroadbandnow.com/regional-planning/>.

3. Network & Telecommunications: Unified Communications Initiative – In response to Gov. Jay Nixon's call for a smarter, more efficient state government, ITSD launched Unified Communications (UC) in August 2010. UC will create one unified and modern network covering data, voice, security, wireless and other systems, which will help lower operating costs.

UC will also refresh the network infrastructure and upgrade capacity, allowing for more citizen centric interaction, delivery of better service, and responsiveness to the public. In addition

to cost savings for Missouri taxpayers over the lifespan of the new equipment, the benefits of UC to state workers and the customers they serve include increased

productivity, greater collaboration across state agencies and between organizations, and reduced travel time and expenses.

In June 2011 the Phase I phone deployments were completed. Through Phase I a total of 8,189 phones were converted from

Centrex to Unified Communications (UC). In addition, a total of 540 Centrex lines were disconnected. Using the July 1 rate of \$25.96 per Centrex line, the disconnected lines saved an estimated \$14,018 per month for the State of Missouri.

Likewise, the State implemented Telepresence in November 2010. Telepresence gives the ability to virtually sit across the table from constituents in three major cities: Jefferson City, Kansas City, and St. Louis. Since its inception through July 2011, the State of Missouri has hosted 83 meetings via these Telepresence sites. The Telepresence feature of UC has saved the state \$37,072 in travel expenses and staff hours.


Additionally, Phase II of UC kicked off in June 2011. Phase II consists of 70 sites across St. Louis, Springfield, and Kansas City. There are an estimated 7,400 lines to be converted to UC. Branching out to our major cities allows UC-t-UC calls to be made at no cost. ITSD will also be able to offset long-distance charges by dropping a call out a regional exchange, when possible.

Lastly, ITSD will be implementing Tail End Hop Off (TEHO) in the four major cities (Jefferson City, St. Louis, Kansas City, and Springfield) during Phase II. This will allow for a UC user in Jefferson City to call a non UC phone in St. Louis and avoid long-distance charges from the telephone company. The

call travels the state network from Jefferson City to St. Louis and drops out as if it were a local call, avoiding long-distance charges.

4. Online Services and Web:
 - eGovernment – ITSD works with state agencies each day to maintain and create online services for Missouri's citizens, businesses and government entities. There are currently 653 online services catalogued on mo.gov. Among newly created online services in 2011 were several related to teacher certification.
 - Web Content Management – Web content management systems continue to be deployed. These systems save the State of Missouri staff time by removing ITSD from the routine website update process.
 - SEMA Website and Natural Disasters – The new SEMA website was redeveloped in collaboration with the Department of Public Safety so that Missouri's citizens would have easy-to-find and easy-to-use information to help them plan and prepare for an emergency. The SEMA website is also updated in real-time during a disaster to provide situation updates and shelter information to the public.
 - During 2011, there were several natural disasters during which the SEMA, DPS, MODOT,





mo.gov, and social media websites worked together to help Missourians obtain valuable information.

- Department of Health and Senior Services (DHSS) Website – ITSD and DHSS teamed up to redevelop the DHSS website. The new website is more citizen centric and easier to understand and navigate. It also features a variety of Healthy Living podcasts that can help Missourians lead healthier, happier lives.
- State Parks Website – ITSD partnered with the Department of Natural Resources to develop a new, user-friendly website for State Parks that has improved form and function versus the previous website. The redesigned website includes videos and slideshows of each park; pictures of every campsite in the state park system; calendars of events for individual parks; an at-a-glance map on the front page that helps visitors narrow their search for the park that matches their interests; and dozens of other user-friendly features. Key user-related performance improvements have occurred in page views, visits, visitors and time spent on the site.
- Missouri State Parks gained recognition as one of the best park systems in the nation as a finalist in the 2011 National Gold Medal Awards for Excellence in Park and Recreation Management program. The new website contributed to that achievement.
- At-A-Glance ~ Other Website Development – In 2011, many other web development projects added value to the State's web presence and supported important initiatives, including:
 - Office of Equal Opportunity
 - Center for Management and Professional Development
 - In the Spotlight
 - **MoBroadbandNow**

5. Recruitment and Retention - There is a hiring influx and a talent shortage within the technology field today. This technology talent gap is not likely to shrink in the foreseeable future—placing employers, such as the

State of Missouri, at risk of having their best IT people recruited away and similarly, creating an extremely competitive environment for recruiting new talent. Couple this with the retirement brain drain expected across the workforce, including nearly 20 percent of ITSD's current staff, who are eligible for retirement by June 2012. Thus, in 2011 ITSD aggressively moved forward in deploying more proactive strategies to overcome some of these challenges, including:

- Centralized IT Interview Committee;
- IT Careers Meet n' Greet;
- IT Careers Web Portal and Social Media Outreach ;
- Telework Pilot; and
- University and College Outreach

6. State Data Center:

- Department of Revenue Server Upgrade – A Teradata upgrade to 13.0, which included new servers and a new operating system environment for the Department of Revenue. This technology allows Revenue an investigative tool to find and research improper tax submittals.
- Server Room Consolidations - The below server room consolidations across the agencies have reduced server maintenance costs by more than 15 percent. This required a review of what agencies were covered under maintenance and removing unnecessary equipment.
 - Elementary & Secondary Education (DESE) - 19 physical servers consolidated into one blade
 - Mental Health (DMH) - 130 physical servers consolidated into six blades
 - Labor & Industrial Relations (DOLIR) - Nine physical

office of administration: information technology

servers consolidated into one blade

- Professional Registration and Health and Senior Services are currently in the discovery process and DHSS is in progress of conversion
 - Disaster Recovery - This required the acquisition of a mainframe and a virtual tape library which allows data updated nightly via SpringNet disaster recovery facility.
 - Virtual Desktop units (VDI) – Four hundred VDIs were implemented in multiple agencies in 2011, with plans to implement 1,000 VDI for Social Services, 400 for Health & Senior Services, and 100 to various other agencies in 2012. Virtual desktops will decrease our reliance on physical desktop computers and allow for more economic support services.
 - Electronic Grant Management Solution - Movement of the Electronic Grant Management Solution from an externally hosted solution to the SDC, resulted in increased security for the states data.
7. Statewide Project Management Office (PMO) – Mirroring a nationwide trend, a central Project Management Office (PMO) was newly formed in 2010, in response to a need to help establish a more formal statewide project management structure and system to manage enterprise-wide and individual agency IT

projects alike. Not only will this allow for greater collaboration among government agencies, but it will provide greater visibility and transparency into IT operations, and will ultimately play a vital role in helping state government perform better and deliver citizen services more effectively and efficiently.

The PMO gained significant momentum in 2011 by the creation of a consolidated portfolio and project repository. The repository is available via the web and is used on a daily basis to improve communications, enhance team collaboration, gain efficiencies, and provide greater visibility into operations. The portfolio and project repository will help to obtain objective measurements of resource needs and overall project performance.

The PMO also established a consolidated tools and templates repository for all consolidated agencies to use for project management activities. In addition, a collaboration website was established to facilitate project paperwork processing to ensure that that all projects are tracked and oversight is provided as needed to keep projects on time and budget. Training was provided in early November to more than 100 consolidated ITSD project managers, client services managers, and ITSD fiscal staff on the new

collaboration website, processes and templates.

Challenges

1. Consolidation – Over the past year, ITSD placed considerable effort and focus on further capitalizing on a consolidated and unified IT organization structure. Of particular concern is the model that has been used to distribute costs back to the various federal and state appropriations. ITSD continues to work with the agencies and federal government to implement a new cost-recovery model that will allow further consolidation of staff and meet the reporting requirements for the various programs. This will entail a significant adjustment, but will pay the State dividends for years to come by allowing ITSD to restructure its workforce to more effectively address daily support issues. Not only will this effort translate into better support, it will allow ITSD to produce better outputs with a smaller, more nimble workforce.
2. CyberSecurity – Malicious attacks against the State's electronic resources continue to mount, a trend not unique to Missouri.

ITSD's security team will be challenged to stay ahead of the threats to keep state data safe from external threats. Security education efforts with agencies will also continue, as national trends indicate the greatest threat to data security comes from internal employees.

3. Legacy Systems – Securing IT staff with the skills needed to support legacy State systems continues as a major challenge. Many of our larger and older systems were written in COBOL, or other dated languages.. With an influx of expected retirements, today the majority of graduates coming out of schools do not have the training in older languages, nor do they want to explore opportunities related to maintenance. Most want to develop in new languages and do cutting-edge work, not maintain old and antiquated systems. Even within the current economy, competition for quality programmers is significant. ITSD intends to continue rebuilding three major systems to reduce our reliance on outdated technology and improve systems capabilities. Recruitment

efforts and internship programs to attract potential employees will continue to be a focus. In addition, internal mentoring to develop skills with existing staff related to program maintenance will continue. Efforts to identify compensation challenges and formulate plans to address will also continue with the help of the Division of Personnel.

4. Recruiting and Retention - Technology unemployment today is hovering around four percent, while the national unemployment average across all industries is nine percent, according to the U.S. Bureau of Labor Statistics. There is a hiring influx and a talent shortage within the technology field today. This technology talent gap is not likely to shrink in the foreseeable future—placing employers, such as the State of Missouri, at risk of having their best IT people recruited away and similarly, creating an extremely competitive environment for recruiting new talent. Additionally, the growing competitive differential in State compensation, salary and pay grade structures presents a challenge in attracting and retaining skilled IT talent. State pay grades

are generally below the marketplace in highly competitive

and demanding IT positions, and ITSD is also feeling the pain with some IT classifications experiencing a 20 percent turnover rate.

Couple this with the retirement brain drain expectant across the workforce. For example, the State of Missouri's projections outline an even more bleak retirement crisis in the IT area. Nearly 20 percent of ITSD's current staff are eligible for retirement by June 2012, and it grows to 32 percent by June 2016. Without a doubt, these factors create obvious challenges in ITSD's recruiting and retention efforts.

5. Savings/Cost Avoidance/Budget – Economic conditions continue to challenge service delivery and staffing levels, while agencies and their constituents require more online services. ITSD has identified and implemented significant costs savings this past year, however further cost containment efforts must be explored and discovered. Efforts to consolidate data centers, virtualize servers and reduce energy consumption will continue to be a focus while ITSD investigates other technologies to help streamline operations.



office of administration: accomplishments/challenges

information technology

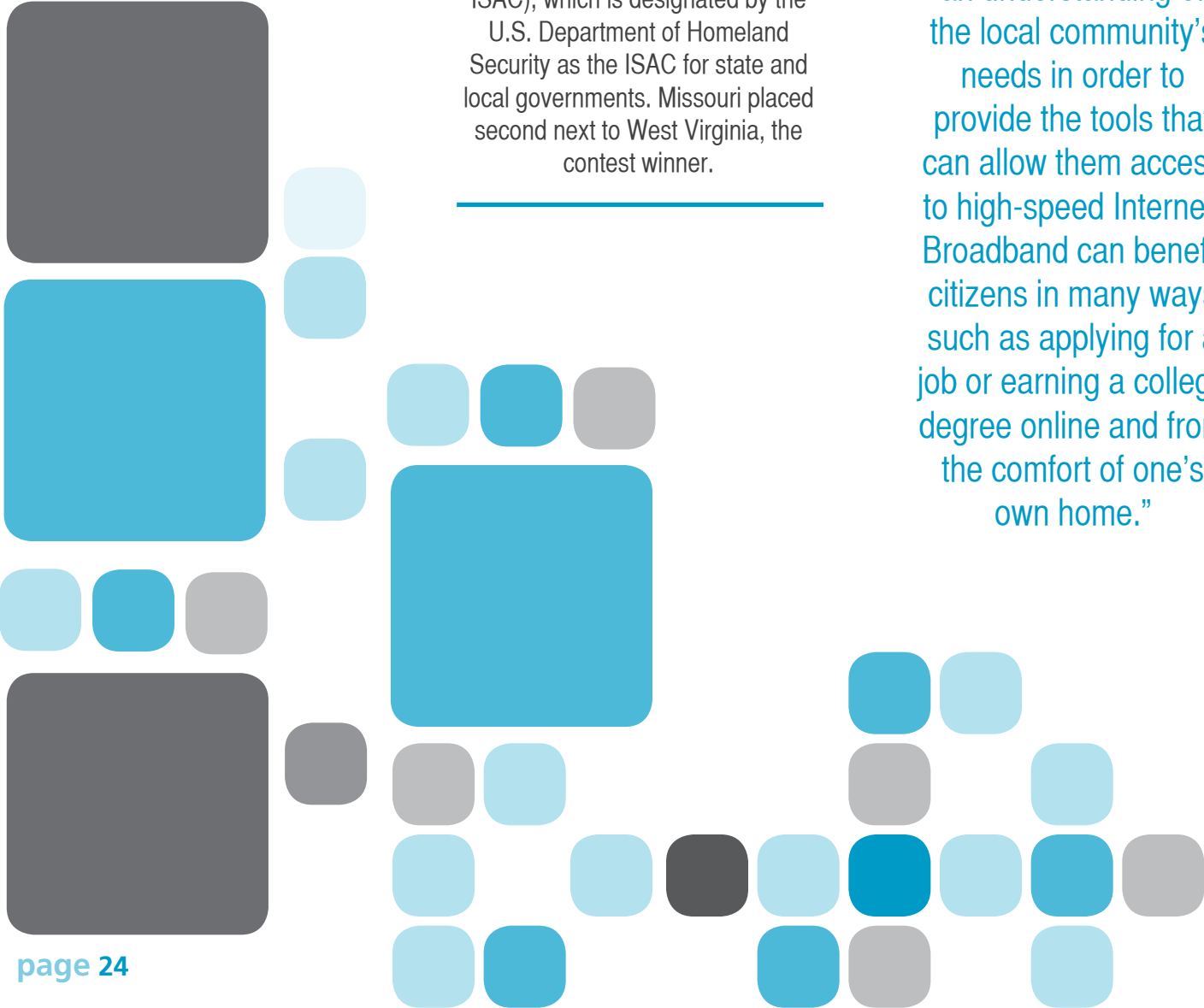
6. Unified Communications – Phase II, launched in June 2011, expanded the system to 70 sites across Kansas City and St. Louis. There are an estimated 7,400 lines to be converted to UC. Considerable benefits are to be gained in Phase II by the reduction in long-distance services and the expansion of desktop video capabilities between Jefferson City, Kansas City and St. Louis. Nonetheless, installation in some of the locations will be a challenge due to physical plant

issues and travel necessary for staff to do the installations.

National Web Award: National Web Award: Missouri is Recognized as a Finalist – In November 2011, Missouri was named a finalist among the nation’s states and local governments that use their websites to promote cyber security. Missouri was one of seven finalists in a new *Best of the Web Contest* conducted by the Multi-State Information Sharing and Analysis Center (MS-ISAC), which is designated by the U.S. Department of Homeland Security as the ISAC for state and local governments. Missouri placed second next to West Virginia, the contest winner.



“Seeking community input is an important part of the planning process,” said *MoBroadbandNow* Director Damon Porter. “It’s critical to have an understanding of the local community’s needs in order to provide the tools that can allow them access to high-speed Internet. Broadband can benefit citizens in many ways such as applying for a job or earning a college degree online and from the comfort of one’s own home.”



office of administration: personnel

Bill Miller Division Director

Division Employees:
55

FY '12 Division Budget:
\$2,656,190



Overview

The Division of Personnel assists all branches of state government by providing an effective and efficient statewide human resource (HR) management functions and guidance in several areas. Along with the Division of Personnel, the Personnel Advisory Board is responsible for the operation of the Missouri Merit System, the UCP System and other HR management functions established by Chapter 36, RSMo. The Director of the Division of Personnel and other division employees act as staff to the Board in its oversight and policy making responsibilities.

The three major programs of the Division are as follows:

- The Employee Services Section develops and administers position classifications for agencies covered by the Uniform Classification and Pay (UCP) System; ensures employees are assigned to appropriate job classes and that new job classes are assigned to the appropriate pay range; reviews applications for employment within the Merit System; and develops, updates and administers Merit System examinations.
- The Pay, Leave and Reporting Section provides information on the UCP System pay plan;

interprets policies on pay, leave and hours of work; provides assistance with the SAM II HR/Payroll System; maintains lists (registers) of people from whom agencies can select for Merit System jobs; ensures personnel transactions are in compliance with Chapter 36, RSMo; coordinates labor relations activities in individual state agencies including participation in negotiations with employee-elected unions and approval of agreements relating to uniform wages, benefits and those aspects of employment that have a fiscal impact on the State; administers the Productivity, Excellence and Results for Missouri (PERforM) State Employee Online Appraisal System; develops and delivers statewide supervisory training and management programs; and provides administration of statewide employee recognition programs.

- The Center for Management and Professional Development develops and delivers management and supervisory training programs, as well as administers statewide recognition programs. This section also coordinates the WeSave Employee Discount Program.

office of administration: personnel

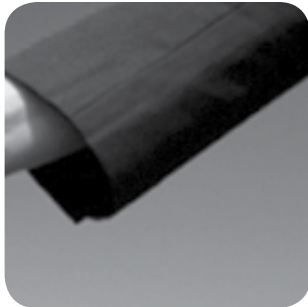
Accomplishments

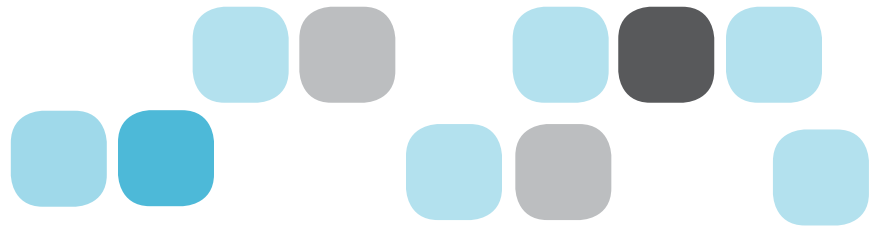
1. HR Transformation: Efforts around HR Transformation continue. The transformation leverages current resources, reduce paper transactions, and create an effective and efficient system which is employee focused.
 - The Office of Administration (OA) will be the first Executive Branch Department to pilot and model the HR Shared Services.
 - OA-HR became part of the Division of Personnel and relocated to Room 430.
 - Cisco software: Unified Call Center Express was selected to create the call center environment.
 - Using the Information Technology Services Helpdesk model a Human Resources Helpdesk Software will be created.
2. Division Reconfiguration: A retreat was held in the spring of FY'11 with Division of Personnel leadership. It was determined that in order to work more proficiently, it would be necessary to reconfigure the department. To that end, the division will now form teams

made up of the various functions to better support agencies and divisions. The teams are supported by a central core that will provide management and service support to all comprised teams as well as a central core that will provide informational and policy support to all agencies. These teams will be in a position to better communicate among each other and improve effectiveness with provided services. Some of these team members will also serve on a "Process Improvement Team" with the responsibility to review and offer suggestions to improve and streamline internal Division policy and procedures.

3. Employee Self-Service (ESS) Portal System: The Employee Self-Service (ESS) portal was launched on July 1, 2011. The functionality included in the initial rollout created a foundation for an expandable web-enabled portal that will provide a number of conveniences for employees and offer opportunities to streamline various human resources and payroll processes.

4. Center for Management and Professional Development – Over the last year, the Center for Management and Professional Development (the Center) achieved the following:
 - Explored and expanded e-learning opportunities for learners via additional webinars and video conferencing "pilot" programs
 - Created *In the Spotlight!* Employee Recognition website to promote the accomplishments of state employees through the use of an employee blog, pictures, videos of employees speaking on what motivates them to provide great service; and state executives speaking about their employee's accomplishments
 - Expanded the reach of the Center using various marketing efforts to include city, county and local government entities and the private sector in an effort to minimize training cost while allowing greater





opportunities for learners to benefit from the experiences of their peers in other organizations and agencies.

- Developed a new *Diversity and Unlawful Discrimination* training program and identified other training sources to help state agencies meet the diversity training requirements established in Executive Order 10-24 and the State Management Training Rule
- Consolidated the OA/ITSD Missouri Technical Education Center training unit with the Center to provide a one-stop-shop for Center customers to learn about and obtain training solutions for the majority of their ongoing training needs (i.e., leadership and interpersonal skills as well as information technology and computer skills).
- Published the State's first report on State Agency Workforce Diversity Training Programs to comply with Executive Order 10-24 and to provide recommendations for future statewide training efforts
- Coordinated the second year of the WeSave State Employee Discount Program to provide opportunities for state employees to save money on goods and services that benefit them and their families, which can translate into more useable income for items such as healthcare, retirement and

education expenses. WeSave also donates two percent of direct buy purchases to the State Employee Charitable Campaign

- Championed the annual State Employee Recognition Day event attended by more than 4,500 state employees and 90 vendors comprised of state agencies and local merchants
5. PERforM Improvement Team: During FY '11, agency HR staff, OA/ITSD staff and Division of Personnel staff have evaluated the PERforM performance appraisal system. The team worked to identify key improvement opportunities for this system. Actions to improve have been determined. In the near future, team efforts will work toward implementing identified system changes that should streamline the system and related business processes.
 6. EASe Improvement Team: During FY '11, the cross agency team worked on the electronic applicant system EASe, determined the primary issues and made the determination as to what it would take to improve. The team determined it would take reprogramming to set up a database, which would help with pre-screening applicants. Currently the system only lists applicants but does not screen out or select the best candidate as the applicant self scores and places themselves on registers. Work has begun to review all classifications and

identify changes which can be made immediately, and those requiring ITSD programming.

7. Labor Relations: Staff worked with multiple departments to negotiate three separate labor contracts that cover four different bargaining units:
 - Patient Care Professionals Bargaining Unit - Staff worked with the Department of Mental Health, the Department of Corrections and the Veterans Commission to finalize the contract with SEIU Local 1 for the Patient Care Professionals Bargaining Unit. This contract went into effect on June 1, 2011.
 - Probation and Parole Officers Bargaining Unit – Staff worked with the Department of Corrections-Division of Probation & Parole to finalize the contract with SEIU Local 1 for the Probation and Parole Officers Bargaining Unit. This contract went into effect July 20, 2011.
 - Craft & Maintenance Bargaining Unit and Direct Care Bargaining Unit - Staff worked with the Office of Administration (FMDC and General Services), the Department of Agriculture, the Department of Corrections, the Department of Health & Senior Services, the Department of Natural Resources, the Department of Mental Health, the Department of Public Safety (SEMA, Veterans Commission, Adjutant General's Office) and



office of administration: personnel

the Department of Revenue to finalize the master labor contract with AFSCME Council 72 for both the Direct Care and Craft & Maintenance Bargaining Units. This labor contract went into effect Oct. 15, 2011.

Challenges

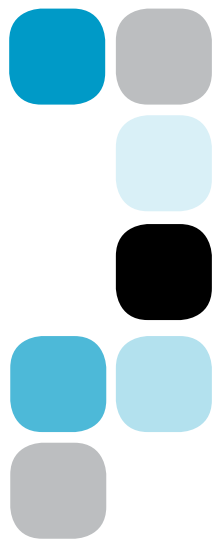
1. **HR Transformation:** The establishment of a centralized HR consolidated pilot/model will entail some difficulty as it establishes a transformed model of conducting HR businesses. Some of the challenges are:
 - Creation and installation of the Human Resources Helpdesk Software on all computers and telephones
 - Train OA-HR employees to integrate the systems provided to their existing procedures
 - Flowcharting all HR Procedures to find ways to improve them
 - Introduce the project to OA divisions and get the division's buy-in to the project
 - Division employees that are currently handling HR functions may have to be repurposed.
2. **Employee Self-Service Portal (ESS):** During FY '12 and beyond, the Employee Self-Service Portal (ESS) project team will continue to expand the capability of ESS through Phase III of the project. This phase will include more interactive functionality including the capability to allow employees to make name and address changes online.
3. **Compensation:** The creation of the Joint Interim Committee on State Employee Wages has created both opportunities for achievement and challenges for the staff of the Division of Personnel. The Committee began its work in FY '12. The work of the Committee and other possible initiatives related to statewide total compensation issues will be supported by Division staff for the foreseeable future. Division staff will continue to field questions and
 - Uniform HR policies need to be adopted by all divisions
 - Identify a timekeeping system that is usable to all OA divisions.
 - Funding for this project is also a challenge. There are solutions in the market that could help us implement this project faster, but they are expensive.
4. **Center for Management and Professional Development**
 - Finding more and better ways to provide e-learning opportunities to Center customers
 - Cultivating additional dynamic, high-quality trainers to provide a diverse spectrum of experience and learning for Center customers
 - Attracting/retaining current and potential customers to continue to utilize (purchase) the Center's programs and services while still in the midst of a sluggish economy.
5. **Labor Relations:** There are significant changes in the terms of the new labor agreements versus the previous labor agreements and more activity from the unions representing these units. Binding Arbitration in the grievance process is one of the significant changes from the prior contracts. Other significant changes include new procedures for filling vacancies with seniority being a factor, calculating seniority, overtime list procedures, scheduling leave, issues from agencies as it relates to repositioning of classifications to meet market demands as it relates to salaries.



and labor management meetings. Since the contracts have become effective, there has been an increase in contacts from the agencies questioning how to interpret language in the contracts which may have change from prior contract language. Smaller agencies with fewer labor union interactions are also requesting assistance with training, interpretation, etc. Staff will be challenged by the increase in agency contact, as well as other labor relations activities such as grievance and arbitration tracking, conflict resolution between unions and agencies, increased labor management meetings, etc.

6. Increasingly Competitive Labor Market: Although we are hopeful the economy, both nationwide and in Missouri, will continue to improve, this improvement may bring additional challenges. As the labor market provides more opportunities for job seekers, the total compensation packages offered by the State will have to more directly compete with the private sector.
7. Succession Planning: These are challenges the State is beginning to experience as replacing skilled employees becomes more difficult. The Division of Personnel will also face challenges as employees leave or retire. The Division's financial inability to recognize skills and creative abilities through both lateral and upward mobility that better utilizes employee skills continues to limit the division's goals to meet future expectations.

"Missouri has the hardest working, most innovative employees in the nation," Governor Nixon said. "I am extremely proud of the work they do on a daily basis, and State Employee Recognition Day is a way to honor all employees for their dedicated service to Missouri citizens."



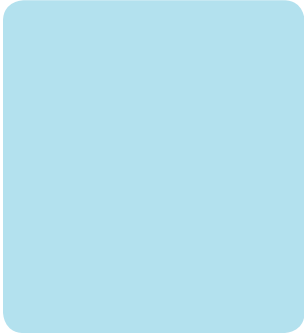
office of administration:

purchasing and materials management

Jim Miluski
Division Director

Division Employees:
33

FY '12 Division Budget:
\$1,683,474



Overview

Responsible for the procurement of all state required supplies, materials, and services in larger quantities and encourages competitive bidding and awards on all contracts.

The division executes procurement functions in accordance with applicable statutes by maximizing competition in the procurement process, conducting evaluations and negotiations were appropriate and awarding contracts to the "lowest and best" bidder.

Maintains responsibility for the statewide in-house recycling program.

Transfers and/or disposes of state agencies' surplus property to maximize state resources and administers the Federal Surplus Program.

Federal Surplus Program is a program that distributes donated new and used federal surplus property to eligible entities which include all state agencies, political subdivisions, not-for-profit health and education entities, and service agencies that meet federal program guidelines.

Accomplishments

1. The Division of Purchasing and Materials Management (DPMM) continues to review its contract renewal strategy. The office questions each request for increase allowed under the

contract and the savings since November 2009 includes a cost avoidance of approximately \$15.5 million.

2. The DPMM has finalized new rules and regulations that specifically references many areas that were remiss in previous versions. These areas include Minority- and Women-Owned Business Enterprise (M/WBE) prime and subcontracting opportunities, the new Service Disabled Veteran Enterprise prime and subcontracting opportunities, Sheltered Workshops and several other areas of concern outlined in recent court cases.
3. The DPMM recently awarded new contracts for prime vendor computer products with World Wide Technology continuing as the incumbent vendor. In addition, the division also awarded a new information technology contract that expanded the available options from three contractors to 10 contractors. In addition, four M/WBE vendors were awarded prime contracts and eight of the 10 awards had M/WBE subcontracting goals.
4. The State Agency for Surplus Property was able to transfer more than \$300,000 of State property to eligible entities even though there is no current warehouse space at the agency due to recent space reduction. This

has been a significant change in culture to handle more information via electronic means versus warehousing property. Problems remain, however this is a significant step in the right direction.

5. The Missouri State Agency for Surplus Property (MOSASP) was also able to obtain an E in its budget request for the federal property program. The E allows MOSASP to bring in more property to distribute to eligible entities which includes all state political subdivisions, not-for-profit education and health-related entities, eligible museums, Service Entity Agencies (Boy/Girl Scouts and agencies for the homeless). This is a valuable program during tight economic times.
6. The State Agency for Surplus Property steps up to the challenge during disasters by providing access to available federal property such as dump trucks, dozers, rope and sand bags as an example and also seeking additional property the federal government issues during emergency declarations.

Challenges

1. The State Agency for Surplus Property still must deal with the significant reduction of space available for property both state and federal. The lack of space

for federal property reduces our opportunity to obtain items and make them available to eligible entities.

2. The DPMM has instituted new rules, however we have begun to see manipulation of M/WBE subcontracting opportunities to obtain the evaluation points allowed. An example of this would be a prime vendor that sub contracts part of its services from an M/WBE and then the M/WBE subs part of their responsibility back to the prime. This will now be accentuated with the addition of Service Disabled Veteran Enterprise bonuses and Sheltered workshop bonuses allowed by statutes.

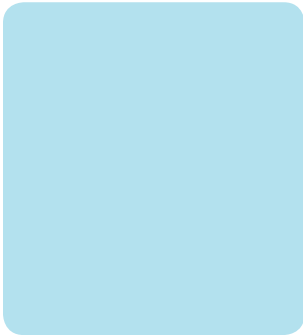


office of administration:
office of equal opportunity

**Celeste
Metcalf**
Division Director

Division Employees:
5

FY '12 Division Budget:
\$335,913



Overview

Exists to promote a diversified workforce within state government and to assist women and minorities in developing opportunities to contract with the state, economically empowering traditionally underserved communities and improving the overall fiscal vitality of the State of Missouri.

Accomplishments

1. Public-Private Partnership Initiative (3PI) – For FY '11, Gov. Nixon included a \$600,000 state appropriation allowing the Office of Administration's Office of Equal Opportunity (OEO) program to raise funds for a State of Missouri Disparity Study. However, HB 2005 eliminated this proposed legislation due to budget constraints. Now, however, the FY '12 budget includes a fund that was established through the budget process to allow donations to be accepted to support the study. In response, the Office of Administration and the OEO embarked upon an exciting public-private partnership initiative (3PI) to seek support from public and private sectors to raise the necessary funds.

The OEO's goal of raising between \$800,000 to \$1 million in contributions is off to a good start. To date, commitments and/or cash contributions have been made totaling \$100,000. Once the necessary funds are raised, the

OEO will be in a position to solicit and hire independent contractors to perform a study of the current levels of minority- and women-owned businesses ready, willing and able to participate in contracts issued by the state of Missouri (State).

2. Code of State Regulations (CSR's) – The OEO updated the CSR's to provide protection and reciprocity to minority- and women-owned business entities. One of the many updates included in these regulations is the Office of Equal Opportunity's requirement to certify only out-of-state vendors that reside in states that allow certification reciprocity with Missouri vendors.
3. Office of Equal Opportunity (OEO) Website – OEO hosts an interactive website that is updated on a regular basis. The OEO website includes links to Facebook, Twitter and enables the OEO to blog about pertinent topics. This website provides valuable information and tools allowing Minority- and Women-Owned Business Enterprises (M/WBEs) to successfully navigate through the State's procurement process. In addition, state agencies and non-state entities seeking assistance with minority and women outreach efforts also find useful information from the website, upcoming events, employment and bid opportunities, submitted by state and non-state

sources, are posted to the website when received by the OEO.

4. Office of Equal Opportunity (OEO) Newsletter – OEO disseminates a bi-monthly web-based newsletter which highlights currently certified vendors, informs M/WBEs about pertinent issues on a variety of topics, and challenges readers to participate and provide feedback.

Challenges

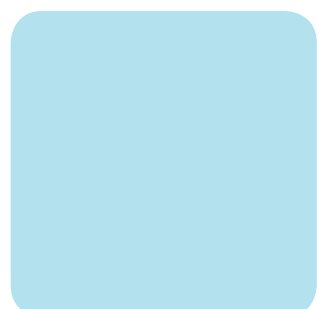
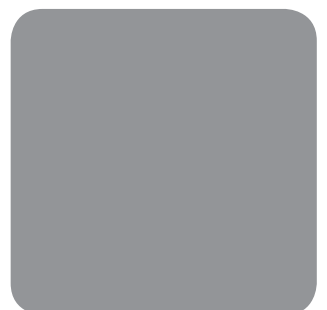
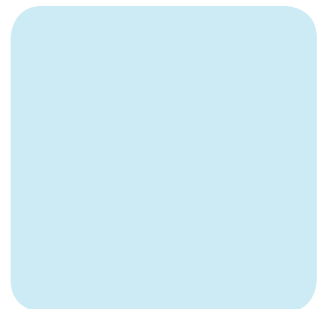
1. Diversification in State Procurement – In the coming year, the OEO looks forward to establishing and developing relationships with our M/WBEs, as well as our public, private and government partners. These entities share our commitment to supporting all Missouri businesses for the ultimate purpose of enhancing the economic viability of the state of Missouri.
2. M/WBE Certification – Missouri's small businesses play a pivotal role in the states' economic health. According to the U.S. Department of Commerce, business ownership is becoming more inclusive in Missouri. The SBA counted more than 42,000 minority-owned businesses in Missouri in 2007, representing a 44 percent increase over 2002. In spite of these statistics, the OEO has only been able to contact and certify fewer than 1,700 businesses statewide. There are several possible reasons for the number of certifications

being considerably less than anticipated.

First, Missouri's commitment to openness in government yields Sunshine Laws that dictate and promote this public policy. In a competitive business environment, openness and/or public exchange of private information can be detrimental to any business' future. Some of our M/WBEs are concerned that certification with the OEO may create the potential for unnecessary exposure. As a result, the OEO is working toward a remedy that will mitigate the potential for exposure of private business information.

Second, it's impossible to engage a business that cannot be found. The ability to find M/WBEs can be facilitated by a common or universal coding mechanism. One commonly used coding system is the North American Industry Classification System (NAICS). NAICS codes provide classifications of entities into at least 1,170 industries. The OEO has added NAICS codes to our M/WBE database of vendors. The OEO anticipates this addition will streamline the search process and hopefully engage more M/WBEs.

3. Diversification in Employment – Many state government employees are hired through the Missouri Merit System which governs the recruitment, retention and promotion of the state's workforce. In the merit system



office of administration:
office of equal opportunity

process, heavier weight is applied to certain candidate characteristics. One such characteristic may be the amount of prior state government experience a candidate possesses. This weighting process could be excluding potentially viable candidates from the selection pool. This problem is further exaggerated when some of these potentially viable candidates being excluded are minorities or women. The OEO is working with other state government representatives to research and discuss solutions to issues such as these.

“Missouri is a state that welcomes all people, and believes that everyone should be treated with respect and dignity,” Governor Nixon said. “That means eliminating discrimination and removing the barriers of prejudice wherever they exist. Whether it be in the workplace, in housing or in public accommodations, discrimination is wrong. It will not be tolerated here in Missouri.”



office of administration: human resources

Aaron Hart Division Director

Division Employees:
5.5



Overview

The Human Resources Office is responsible for human resources management and payroll for the Office of Administration. The office assists management and employees in many areas including, but not limited to, payroll questions, discipline, investigations, policies, classification, hiring, dismissals, employee benefits, pay administration, grievances, SAM II data warehouse queries and timekeeping,

Accomplishments

1. Facilities Management Design and Construction Consolidation (FMDC): Office of Administration assisted FMDC with the consolidation of an additional 105 maintenance positions into the Office of Administration. One of these positions came from the Department of Elementary and Secondary Education, 40 came from the Department of Social Services and 64 came from the Department of Corrections. Positions were transferred and personnel files were obtained from the employees' previous department. Staff assisted employees with filling out paperwork and with questions involving OA policies and procedures.
2. Revision of Office of Administration Policies: Throughout the last

year, the OA revised the following policies: Non- Smoking, Overtime and Holiday Work, Probation, Sexual Harassment and Workers' Compensation. In addition, a Lactation Accommodation policy for the OA was created.

3. Human Resources Transformation: OA-HR is the first group to pilot HR shared services and have moved locations to be housed within the Division of Personnel. United Call Center Express is being used to create a HR call center environment. Many HR items that will be handled by the call center have been flow charted to eliminate inefficiencies. A procedure manual will be established to assist call center staff.
4. Facilities Management Design and Construction Classification Work: OA HR assisted with the update of the Plant Maintenance Engineer classification series. It was updated to become the Physical Plant Supervisor series. This was done to make the title more descriptive of the position's duties and therefore easier to recruit for. Minimum qualifications were changed in order to get more qualified applicants on the register. This change, as well as future title changes to maintenance classifications, are part of the overall goal of updating maintenance titles and



office of administration: human resources

specifications to be more indicative of the work performed. This task will help with recruitment within FMDC. Many maintenance titles are out of date and applicants may be skipping over them as they are not descriptive of the work being done.

5. Family Medical Leave Act (FMLA) and Americans with Disabilities Act (ADA): FMLA/ADA procedures within the Office of Administration have been changed. These procedural changes have resulted in a more efficient approach to detecting and handling abuse while maintaining the rights of employees under the law.

6. Information Technology Services Division Career Fairs: OA-HR staff assisted ITSD and participated in numerous ITSD career fairs throughout the year. These career fairs highlight the careers available within ITSD and have been set up to assist ITSD in finding quality applicants in a difficult field. Multiple career fairs were held utilizing Telepresence. This has allowed OA to reach out to applicants in metro areas that otherwise may not have considered state employment an option.

Challenges

1. HR Transformation: The establishment of a centralized HR model in the Office of Administration will present some challenges. Help desk software will need to be installed on all HR computers and telephones in order to establish a HR call center. OA-HR has begun flow charting all procedures for HR items that will come to the call center. Once this process is completed, inefficiencies will be eliminated and procedures will be documented in a handbook so staff in the call center will have a manual to consult. Procedures for the call center will need to be finalized to assist staff in providing excellent

customer service. HR call center model will need to be bought off on by the Divisions within OA as many staff currently performing HR tasks in the Divisions will need to be repurposed. One goal of this project is for employees within the Office of Administration to receive uniform and consistent answers to HR-related questions. A centralized HR function within the Office of Administration will accomplish this goal. Staffing levels of the call center may become an issue as more HR-related questions are shifted from the Divisions. At current staffing levels OA-HR may have difficulty keeping up with other payroll activities.

2. Automation of Office of Administration Personnel Change Process: Currently the Office of Administration has a paper form that is routed from the Divisions to the Commissioner's Office for the approval of any personnel change that involves pay. This form is filled out by the Divisions routed through HR to the Commissioner for approval and then back to HR to enter into the payroll system. Automation of this process will reduce staff time and eliminate inefficiencies in the transaction process. Any automation that takes place will maintain good HR practices in regard to payroll.
3. Recruitment and Hiring Process: Work continues on streamlining recruitment and hiring within the Office of Administration. The electronic application system and



merit rules pose many challenges to the areas of recruitment and hiring. Procedures dictated by the merit system cause the hiring process to take three weeks or more. The confusing nature of merit hiring procedures as well as the timeframes involved cause applicants to lose interest in state positions. These two things are additional items that make it difficult for OA-HR to compete with the private sector when seeking job applicants. In addition, there seems to be some confusion by applicants on where to find OA jobs. OA-HR has established a team from OA-HR and the Division of Personnel to look at the Office of Administration's hiring procedures. This team will streamline hiring procedures and the posting of jobs within the Office of Administration. Each Division within OA posts jobs on their own website and may or may not post jobs on the Division of Personnel website. A centralized OA-HR website will ensure that vacancies are shared with the Office of Equal Opportunity, Division of Personnel and the Missouri Department of Labor to ensure we are reaching more applicants. This team will ensure that application procedures in OA are uniform and easy to understand. The team will also be tasked with finding ways to inform more citizens of the state about employment opportunities available within the Office

of Administration and state government.

4. Review of all Office of Administration policies: Work continues on the remainder of Office of Administration policies that have not been updated. Many of these policies have not been updated for some time.
5. FMLA/ADA: FMLA/ADA procedures have been changed and improvements in the process have been gained; however, work remains on the letters that Office of Administration employees receive in these areas. The revision of FMLA/ADA letters in conjunction with the change in procedures will streamline the process for management and employees. The intent is to strike a balance between the letters being easy to understand yet provide the information necessary for HR to make a determination on leave or accommodations.
6. I-9 Audit: OA-HR has made tremendous progress in receiving timely I-9's from all Office of Administration employees. The team will now perform an I-9 audit on the personnel

files of all Office of Administration employees to ensure nothing was missed during the many consolidations of employee's into OA. I-9s of consolidated employees were filled out by HR staff in the Department's and may be inconsistent with I-9 procedures. This audit will ensure that all I-9's have been completed correctly.

